

CAUSES AND REMEDIES FOR THE HIGH COST OF LIVING.

A REPLY TO PROFESSOR IRVING FISHER OF YALE UNIVERSITY.

(For the Review.)

By WILLIAM A. WOOD.

*(Continued)***THE MONEY RELATION.**

And further. In any sense that money, as a "purchasing power," has any relation whatever to the rights and needs of mankind, that relation must exist somewhere between the termini of the double economic truth just now stated. The monetary gyroscope is governed by the factors of its existence. Its "purchasing power" lies within the control of monopoly of land and monopoly of manufacture. Most men, having access to land, can make a living; most men, having access to trade, can make a living. Deprived of these requisite conditions of life, their ability to purchase, through the use of the money token, will rest not so much upon the stability of the dollar as upon the "iron law of wages," which in the final analysis is the actual form of bondage.

It is in this sense that the "purchasing power" of a dollar, high or low, is necessarily determined by the conditions of human life; that is to say, the gyroscope is itself conditioned by these outstanding facts.

In so far as these streams of economic tendency affect the living of the man who owns no land, nor has control of any manufacture, then the field of his life is determined for him by those who do so own and control the means of his life. It may not be pleasant for so-called "free born" Americans to admit this; but if the basic truths here stated are grounded in fact and the conclusions built thereon are valid, then, however humiliating it may be, we must admit these causes and seek their removal.

THE UNEARNED INCREMENT.

With these conditions which bound all human life, there are modes of securing a living which an increasing class of people have discovered may be readily made to furnish them with a steady stream of income. This income flows through three channels, called, variously, in the older Political Economy, "rent, interest, and profit;" but passing, in these days, under the more attractive title, "investments yielding five and one half per cent." So, instead of working, people have their money "work" for them. Their exchequer is filled by the "unearned increment" or rent of land, by "interest" on the loaning of money, or by "dividends" returned to them as stockholders of corporations.

THE REAL CAUSE.

This epitome leads the writer to state that, in his judgment, the cause of the high cost of living, viewed as one phenomenon of economic history, is in the constantly increasing class of people who live on the comforts of life without producing the means of life. And to this class, as to others, the appeal is speciously made by bond houses that their investments are "tax exempt" in this or that State. This is no other than an attempt to avoid sharing in the cost of government, since the investor who escapes taxation by this means is induced to think that he is freed from the "overhead cost" of government. That does not appear on the face of it, but that is what it comes to in the end.

Now, the natural and just means of meeting the expenses of a family is for every member capable of doing helpful work to contribute a reasonable share towards the family budget. For every idle mouth some one else carries an extra tax. If there are those who live without working, there must be those who are required to work all the harder. The nation is a family whose expense budget should be met by the labor of those who share in its benefits; and for all who do not work it stands to reason that a greater share in the burden of government must fall on its active workers. Paupers are not confined to State institutions. He is a pauper who leaves the world poorer at its close than when the sun first rose that day upon the race.

Somewhere in these facts lie the causes which issue in the conditions now so acute that the whole civilized world is awake to this outward pressure on the world's workers. And somewhere within these facts will be found the nature of the remedy whose application will end in the removal of the causes.

THE REMEDY.

The remedy is in my third proposition, that the way to remove the conditions which so impinge upon the burden-bearer can be none other than the issuance to Labor of the wealth which Labor alone creates.

The great social upheaval convulsing the world today voices itself in this demand. Professor Fisher admits that "unless something is done to at least help the common people understand what is really going on, discontent may turn to fury and reform to revolution."

IN THE APPLICATION OF THIS REMEDY.

In the application of this remedy I venture to affirm two methods whose effectiveness goes to the root of the problem. These methods lie, first, within the taxing power of the Government; and, secondly, in the adoption of a function of government destined, in the writer's judgment, to be of equal value with the first in establishing ultimately an equitable distribution of the world's wealth.

The first of these methods, in brief, is the levying of a tax on the rental value of land. The "unseen empire" in the economic world is the "unearned

increment." This is a special privilege whose influence permeates every community that is marked by an increase in population. The perpetuation of the human species augments its domain. Its power for producing income is not affected by "crop reports" nor sundered by convulsive crises. It is as unchanging in its stability for investments as the "laws of the Medes and Persians" are unmoved by time. He who profits by it is made free from the harrowing sense of the approach of poverty or the blighting effects of pauperism. Unchecked in its unfailing upward growth it divides a nation into the "House of Have" and the "House of Want."

Society is the ethical organization of individuals. Society creates the "unearned increment" of the soil. The individual, apart from Society, is an abstraction; this unique value of land, apart from Society, is an abstraction. What Society therefore creates, by that should it profit.. The levying of such a tax upon that which is the result of social growth, is the single method by which we can secure stability and harmony in the arrangements of the cost of government.

The income tax and the inheritance tax attack the problem at way-stations and the jumping-off place. The Single Tax placed by law at the source of the fortune will prevent it swelling to the outrageous proportions which now mark the holdings of men. It will check the stream and prevent its spreading to a flood that would leave destruction and disaster in its trail. It will throw open in the markets of a nation those deposits of raw material on whose use the continuance of the nation vitally rests. And it will compel every man who enjoys special land privileges either to make them productive through his own labor, or to place them in the hands of those who will. Every human being lives on land, but not every one is born to acquire the special land privilege which his own presence and labor helps to create. He who by law is thus made to share with the ethical organism which gives him life, will thereby make use of this special privilege for the sake of the whole, or he will relinquish it that others may meet this ethical obligation.

SACREDNESS OF THE EARTH.

There is in this method an equity which commends it to our faith and confidence. There is a justice in it which is not to be found in indirect methods of taxation. This equity and this justice will tend to teach men the sense of sacredness which belongs to the Earth as the common home of the children of a common Creator. This Earth is the most sacred thing in God's universe. Equity holds it forth as the inheritance of every member of the race. Justice demands that all its properties shall be so conserved that the humblest of God's children shall have the fullest expression of his own life. That form of taxation which keeps before men this sense of the sacred value attaching to his terrestrial home, will, for the most part, develop in the citizen life of the country a supreme regard for its conservation. It will tend also to raise the standard of the central truth in Ethics, that men are worth more than things, and that the dollar is not to be exalted above the man.

A MORE EXPEDITIOUS PLAN.

I pass on to submit a plan more expeditious than the first. While we are waiting for justice in taxation it will be well to study a remedy having present and immediate application to the difficulties in hand. It was declared by our present Secretary of State in 1896 that the time had come for the banks to go out of the governing business and the Government to go into the banking business. That prophesy has in part been fulfilled. If it is right and wise for the State to take money for deposit at two per cent., wherein can it be unwise for the State to loan money at that or some slightly higher rate? In any case in which the borrowing of money is an actual necessity, the outstanding loan is itself a burden without the addition of an overcharge in the form of interest. There is no finer ethical teaching extant today than the principle that the new-born child is not the issue of its parents, but is, in very truth, the offspring of the state. In the ethical organization of the whole, provision ought ethically to be made for the justifying of the life of the child. Provision is so made in reasonable form in our educational system, in which the State (Massachusetts) has some \$4000 invested for each child of school age. At the time of leaving school, or in any period thereafter, if it becomes imperative that the offspring of the State stands in need of financial aid, what virtue is there in a system that drives the child to a private money-lender to secure help at ruinous prices?

The loaning of money at interest by the state, on this or any other ground, would at once set in motion a current of economic virtue whereby the individual could redeem himself from the two forms of monopoly which actually threaten the extinction of the race. The burden of Militarism is eating the life out of the European nations; a like burden, in effect at least, is overwhelming this nation's wealth-producers. The influence is as baneful, though the policy is different. Until such time as the child can make a better living for himself, he is entitled to the proper relief at the hands of the state-wide parent. The Federal regional banks, fed by Federal funds for the aid of business enterprises, may now be taken as the bright redeeming feature of our otherwise unjust and uncivilized economic system.

THE MORAL EFFECTS OF MONEY LENDING.

The moral effects of money lending by private interests are as pernicious as those purely economic. The private lending of money creates an obligation not provided in law. The influence runs in two ways; it secretly enhances the tendency to tyranny in our economic order, on the one hand, and on the other it issues in a spirit of dependency that saps the moral strength of the debtor. The competitive system in force today has given us two opposing classes, viz., the capitalist and the wage-earner. In proportion as the strength of the one rises the bitterness of the other is intensified. We may deprecate the existence of this chasm and declaim against the spirit of selfishness on the one hand and rebellion on the other. The fact of such difference

is both apparent and threatening. We gain nothing by hiding from it. The better way is to examine its ethical aspects as well as its economic phases and hasten to a mode of remedy that will lessen the strife between the classes and bring relief to the individual. And in this action alone can the State find its own safety.

The dictates of reason demand that we shall put an end to a system that permits the rich to grow richer and forces the poor to become poorer. Every day finds the nation with a balancing quantity of wealth; now greater, now less. He who is seized of the power which does reside in the "money use" can thereby secure to himself so much of the comforts of life as his fancy dictates; leaving the logically lessened proportion to the limited purchasing power of the wage-earning class.

THE RIGHT TO LIFE.

The right which is, in the very nature of things, at the heart of this whole problem is the right to life. That right belongs to every child born into this world. The corollary of this statement is in the natural law, that the right of every child born into this world, is the right to the land of its birth. Without the right to land there is no right to life, since the right to live can never be exercised without the right to land. It is this question that must be settled before any remedy yet devised can be effective to the pulling down of the strongholds of injustice which stand as an inheritance of the past against the equitable distribution of the world's wealth.

The ground of appeal, in this problem, is, therefore, not the rights of the "business interests," but to the natural rights of the children of our common human race. The plan of relief is not in the gyroscope but in those ethical relations under which the work of the world is ever carried forward. He who works is entitled to what he produces; he who does not work is entitled to nothing. If nought but Labor can produce "food, raiment, and shelter," from the resources of Mother Earth, it is a right which is herein unequivocally declared, that the solution of the problem is in the granting to Labor of all the wealth which Labor alone creates. To do this tax land values as a means to the ultimate end, and for temporary relief set up the State in the banking business that the strength of the whole may go to the real "arm and hammer" brand.

(THE END)

A QUAIN IDEA.

The quaint idea of fining a man for having improved his property would seem to be helping along the cause of taxation of land values. A good citizen of Ottawa recently had an experience of the folly and injustice of the municipal tax on improvements. Having secured a lot on the Glebe, he set about building himself a house. All around were weeds and vacant lots withheld from use. For daring to build a house, and thus giving employment to much labor, the civic authorities promptly made him pay a far higher tax than if he had merely held the land for speculation. The people who held the vacant lots were taxed only for land value—about 40 per cent. of it, at that.—Ottawa (Can.) *Citizen*.